

AO 91 (Rev. 11/11) Criminal Complaint

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UNITED STATES DISTRICT COURT
for the
Eastern District of Michigan

United States of America

v.

D-1) Kevin Gunn

D-2) John Gibson

Case: 2:22-mj-30204
Assigned To : Unassigned
Case No. Assign. Date : 4/29/2022
Description: CMP USA v. SEALED
MATTER (SO)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of January 16, 2019 - August 3, 2021 in the county of Wayne in the
Eastern District of Michigan, the defendant(s) violated:

Code Section

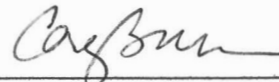
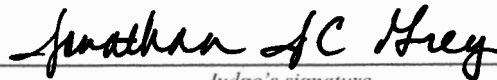
18 USC Sections 371, 666(a)(1)(A)
18 USC Section 1956(h)
18 USC Section 1343

Offense Description

conspiring to commit and committing federal program theft
money laundering
wire fraud

This criminal complaint is based on these facts:

See attached Affidavit.

☐ Continued on the attached sheet.Sworn to before me and signed in my presence
and/or by reliable electronic means.Date: April 29, 2022City and state: Detroit, Michigan 48226*Complainant's signature*Corey Burras, Special Agent, Federal Bureau of Investigation*Printed name and title**Judge's signature*Jonathan J.C. Grey, United States Magistrate Judge*Printed name and title*

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Special Agent Corey Burras, being duly sworn, do hereby state the following:

I. INTRODUCTION

1. I am a special agent with the Federal Bureau of Investigation (FBI) and have been so employed since May 2002. I am currently assigned to the Complex Financial Crime squad and detailed to the Public Corruption Task Force in the Detroit Division of the FBI for this investigation. As a special agent, I have investigated a variety of federal offenses including violent crimes, kidnapping, abduction, crimes against children, drug trafficking, white collar crimes, international and domestic terrorism, and I have been a national program manager and a supervisory special agent for terrorism financing investigations. Most recently, however, I have been assigned to investigations pertaining to the corruption of federal, state, and local officials, fraud against the government and civil rights violations. Within the term of my career, I have been the affiant on arrest warrants and search warrants covered by locations, people, electronics, social media accounts, and electronic mail (e-mail) accounts.

2. The statements contained in this affidavit are based on conversations with other law enforcement officers, a review of relevant police reports, and my involvement in this investigation. This affidavit does not include all facts known to law enforcement related to this investigation. This affidavit provides information necessary to establish probable cause that KEVIN GUNN and JOHN GIBSON conspired to commit and committed the crimes of federal program theft, 18 U.S.C. §§ 371, 666(a)(1)(A), money laundering, 18 U.S.C. § 1956(h), and wire fraud, 18 U.S.C. §§ 1343, 1349.

3. With the cooperation and assistance of the Wayne County Prosecutor's Office, the FBI is investigating the criminal actions of multiple employees of the Wayne County Roads Division (Roads Division). Employees KEVIN GUNN, JOHN GIBSON, and others are engaged in a scheme to defraud Wayne County by using taxpayer dollars to make unauthorized purchases of generators and other power equipment from retailers in Southeast Michigan which they sell for personal profit. As part of the scheme to defraud, between January 2019, and August 2021, GUNN solicited approved Wayne County vendors to purchase generators and other power equipment from local

retailers on behalf of Wayne County. The vendors would then submit invoices for these items to Wayne County. In order to conceal the scheme to defraud, GUNN instructed the vendors to falsify the invoices they submitted to the Roads Division, and list items the vendors were authorized to sell to the county under their contracts, rather than the generators and power equipment they were unlawfully acquiring at GUNN's request. Roads Division employees would then approve and pay each vendor's invoice with taxpayer funds. After these fraudulent purchases were verified and approved by Roads Division employees, GIBSON and GUNN took possession of the equipment which was resold over the internet and social media for personal profit.

4. A review of invoices from Wayne County vendors revealed that between January 16, 2019, and August 3, 2021, 596 generators, and a variety of other power equipment totaling \$1.7 million were purchased by Wayne County vendors, on behalf of Wayne County. That equipment was never supplied to or used by any department within Wayne County.

II. PROBABLE CAUSE

A. Background on Investigation

5. Wayne County is the most populous county within the State of Michigan, with over 1.75 million residents. Wayne County is governed by an elected County Executive and Board of Commissioners. Within Wayne County government is the Department of Public Services, which oversees six separate divisions; the largest division is the Roads Division. The Roads Division is responsible for repairing and maintaining county roads. The Roads Division is broken down into four separate units, which consist of the Bridge Unit, Traffic and Signal Unit, Construction Unit and Forestry Unit.

6. The Roads Division receives approximately \$20 million per year in federal funding for roads.

7. KEVIN GUNN manages the Bridge Unit. GUNN has been employed by Wayne County for 34 years. He has been a manager for 12 years.

8. JOHN GIBSON is a foreman within the Bridge Unit and reports directly to GUNN. GIBSON has been employed by Wayne County for 20 years. He has spent 11 years as a foreman.

9. Wayne County vendors submit to a verification process before being approved as a vendor. The vendors supply the Roads Division with specific products and services as authorized by their contract with Wayne County.

10. Retail suppliers supply products, primarily generators and other power equipment, to the vendors.

B. GIBSON and GUNN fraudulently acquire and transfer generators.

11. On March 2, 2021, the Wayne County Sheriff's Department received a tip regarding an unusual increase in the purchase of generators by a vendor (Vendor A) acting on behalf of Wayne County.

12. That same day, GUNN, acting on behalf of the Roads Division, called a generator retail supplier (Supplier A) and placed an order to purchase 14 Honda generators. The generators were paid for by a Wayne County vendor (Vendor B) whose contract with the county did not include or authorize the purchase of generators. Rather than invoice Wayne County for the generators Vendor B was supplying to GUNN, Vendor B instead, at the direction of GUNN, invoiced Wayne County for items which were authorized under the terms of Vendor B's contract.

13. Following the purchase of generators by Vendor B from Supplier A, GUNN sent two men in a black Dodge pick-up truck with an attached U-Haul trailer to pick up the generators. Law enforcement surveillance of the subjects revealed that the black Dodge pickup truck was registered to Cooperating Individual 1 (CI-1) at an address in southeast Michigan. After obtaining the generators, CI-1 then drove the Dodge truck with the attached U-Haul trailer to his address.

14. On March 2, 2021, officers from the Wayne County Sheriff's Special Operations Unit executed a search warrant at CI-1's address. The search warrant was obtained with the assistance of the Wayne County Prosecutor's Office. Officers recovered the 14 generators purchased by Vendor B on behalf of Wayne County and \$40,300 in cash from a safe.

15. Law enforcement also interviewed CI-1, a former Wayne County Roads Division employee, who outlined the fraud scheme in which vendors would purchase generators and other power equipment on behalf of Wayne County and provide them to GUNN for resale for GUNN's personal profit. At GUNN's direction, CI-1 began acquiring the Honda generators directly from Supplier A after they were paid for by

the vendors. GUNN coordinated the transactions by phone with Supplier A and CI-1. At GUNN's direction, CI-1 resold the generators on the internet via Facebook Marketplace and shared the profits with GUNN.

16. On March 26, 2021, with CI-1's consent, agents conducted surveillance of CI-1 as he paid GUNN \$4,500 in cash in marked government funds—GUNN's share of the profits from the generator sales. GUNN arrived to meet CI-1 in a white Ford F-250 truck with Wayne County Roads Division markings. Using remote monitoring devices, agents listened to and recorded the conversation between CI-1 and GUNN and watched CI-1 pay GUNN the money.

17. On June 16, 2021, agents watched GIBSON arrive at Supplier A in a Roads Division truck and load five Honda 7000-watt generators, and five Honda 2200-watt generators into the bed of the truck. The generators were ordered from Supplier A by GUNN but paid for by Vendor A. GIBSON then drove the Roads Division truck to a private residence and unloaded the generators into a large metal shipping container in the back yard.

18. On June 30, 2021, I watched GIBSON arrive at Supplier A in a marked Roads Division truck to pick up an order of generators placed by Vendor A. After taking possession of the generators, GIBSON met with an individual and gave him one Honda 7000-watt generator and four Honda 2200-watt generators. GIBSON then traveled to the same private residence he had taken the generators to on June 16, 2021 (Paragraph 17). GIBSON backed the truck into the driveway and, with the assistance of an unknown male subject who came from inside the residence, unloaded the generators into the large metal shipping container in the back yard.

19. An interview of the person who purchased the generators from GIBSON on June 30, 2021 (Paragraph 18) revealed that this individual had met with GIBSON on multiple occasions to buy generators, and that GIBSON charged significantly less than retail value for the generators he sold.

20. On August 3, 2021, video surveillance from Supplier A showed GIBSON arrive at Supplier A in a marked Roads Division truck to meet with an individual from Wisconsin in the parking lot of Supplier A. The Wisconsin man paid GIBSON in cash for five Honda 2200-watt

generators, two 3000-watt Honda generators, and one 7000-watt generator—all of which had been purchased with Roads Division funds.

21. An interview of the Wisconsin man who purchased generators from GIBSON on August 3, 2021 (Paragraph 20) revealed that this individual had driven to Michigan on six separate occasions to meet with GIBSON and purchase Honda generators and other power equipment from GIBSON. The Wisconsin man also confirmed that GIBSON charged significantly less than retail value for the generators and other equipment he sold.

22. Between the dates of March 25, 2021, and August 3, 2021, I directly observed, surveilled, or reviewed video evidence capturing multiple occasions in which GIBSON acting alone, or present with another subject, took delivery of Honda generators purchased by Wayne County vendors.

23. In an interview with law enforcement, Vendor A admitted to falsely invoicing Wayne County for traffic safety items and attenuators rather than the generators and other equipment they were actually purchasing for GUNN. Vendor A also admitted to adding a 50% markup to these items. In total, Vendor A admitted to invoicing Wayne County

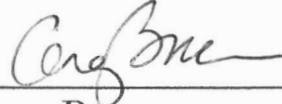
for approximately \$1.1 million in traffic safety equipment and attenuators that they never provided.

24. Interviews of additional vendors revealed a similar pattern of fraud in which GUNN would contact the vendor to request the purchase of unapproved generators for Wayne County. On each occasion, these purchases were made outside the terms of the vendor's contract with Wayne County.

25. A review of invoices from Supplier A and other suppliers revealed that between the dates of January 16, 2019, and August 3, 2021, 596 generators, and other power equipment including lawnmowers, chainsaws, and backpack blowers, were purchased by Vendor A, Vendor B, and other Wayne County vendors on behalf of Wayne County and provided to GUNN, or one of his designees. The purchase of these items was not authorized under any vendor contract with Wayne County nor were the items ever provided for use by Wayne County. The total value of equipment purchased as part of the scheme was approximately \$1.7 million in taxpayer funds.

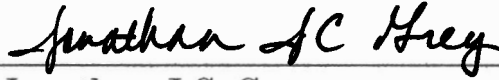
III. CONCLUSION

26. Based on the foregoing, probable cause exists that KEVIN GUNN, JOHN GIBSON, and other individuals conspired to commit and committed the crimes of federal program theft, 18 U.S.C. §§ 371, 666(a)(1)(A), money laundering, 18 U.S.C. § 1956(h), and wire fraud, 18 U.S.C. §§ 1343, 1349.



Corey Burras
Special Agent, FBI

Sworn to before me and signed
in my presence and/or by reliable
electronic means.



Jonathan J.C. Grey
United States Magistrate Judge

Dated: April 29, 2022